

Literature Review: Factors Affecting the Application of Standard Financial Statements for Small and Medium Enterprises

Author's Details:

⁽¹⁾**Thi Ngoc Linh Tran**-TNU - University of economics & business administration

⁽²⁾**Thi Thuy Nguyen**-University of Economics - Technology for Industries, Vietnam

Correspondence: Thi Thuy Nguyen, 456 Minh Khai, Hai Ba Trung, Ha Noi

Abstract:

The paper conducts an overview of the research related to the application of financial reporting standards for small and medium-sized enterprises in countries around the world and small and medium-sized enterprises in Vietnam. From there, we analyze the studies that have been done on the related topic, analyze the ways that the studies have used, the results achieved as the basis for proposing future research models.

Keywords: Financial reporting standards, small and medium-sized enterprises

1. Introduction

Abundance of accounting regulations in different countries, creating significant economic consequences for the interpretation of financial statements at the international level (Kossentini & Othman, 2011; Fatma & Jamel, two thousand and thirteen). As a result, global accounting and financial institutions have initiated a process to promote the harmonization of accounting standards as a means to improve transparency and comparability. in the TC reports. The efforts of organizations such as the International Committee on Accounting Standards (IASC, the former organization of IASB), the International Organization for Securities (IOSCO) and other accounting organizations across the globe have led to the development of International Accounting Standards, now known as the International Financial Reporting Standards or the International Financial Reporting Standards and the International Financial Reporting Standards for SMEs. The application of ICD in general to international SMEs in particular has increased in countries since the first standard was completed in 1998, Australia and member countries of the European Union in 2005 were the leading countries. in the application of ICD. However, many countries are still unwilling to participate in the application of ICD in general and ICD to SMEs in particular (Samujh & Devi, 2015), and now domestic and foreign authors are still researching why. countries do not want to apply ICD to SMEs.

According to Mazars (2008), this author conducted an interview by calling 1593 small and medium-sized businesses in 6 EU countries including Spain, Germany, France, Italy and the Netherlands. , and the UK from September 4 to October 5, 2007, for the purpose of surveying perceptions of enterprises about the process of converging accounting standards of each country to come close to the ICD of the SMEs, the results through data Survey data shows that most enterprises recognize that an ICD is required for SMEs, of which the Netherlands and Spain have 90% of small and medium-sized enterprises strongly agree with the point of application. ICD for SMEs. The SMEs in Italy also affirmed that the application of ICD to SMEs also has a transnational effect and increases the potential source of customers through business investment activities in the country and abroad. SMEs in Spain argue that the application of ICD to SMEs will create greater benefits than the difficulties and challenges arising from the application of this financial standard.

Atik's research (2010) aims to evaluate the arguments of SMEs in Turkey on identifying the factors affecting the adoption perspective of ICD to SMEs. The analysis of selected samples in the topic shows that most of the surveyed enterprises have very small size of enterprises according to Turkey's criteria for small and medium-sized enterprises (with a low number of employees 10 people and revenue achieved in the year is less than 5 million Liras - currency unit of Turkey). Most of the SME owners hire outsiders to work as accountants and to prepare the financial statements and financial statements mainly for dealing with tax authorities (accounting for about 74.7%), with more than 35% of SMEs having import activities and export activities. Although businesses

have very few activities related to international trade, the percentage of SMEs who support the use of ICD for SMEs is quite high (94.41%). And up to 72.67% of businesses want to be voluntarily applied.

Empirical research shows the benefits from the application of ICD in general and ICD for SMEs in particular, to improve the transparency of the financial statements. Vera Palea (2014) conducted research and impact evaluation when applying ICD in 5 European countries with the results that applying ICD improved the quality of financial statements information, increasing the usefulness and improving transparency information for employers. invest. Daske et al. (2013) point out that ICD is suitable for countries with developed capital markets because of transparency and disclosure of financial statements suitable for investors, providing clearer comprehensive information than standards. national accounting.

2. Literature review

2.1. Studies on the factors affecting the process of applying financial reporting standards for small and medium-sized enterprises in countries

2.1.1. Macro factors

A number of countries' attributes, such as economic characteristics, legal system and cultural characteristics, also affect the issuing body, the process of issuing and the effectiveness of the implementation of accounting standards. (Chand & Patel, 2008). These factors include: legal system, taxation, economic development, education, culture, politics and inflation, etc.

The legal system: According to the study of Douppnik & Salter (1995) studied and concluded that there exists a direct relationship between the legal system and the application of ICD. In addition, the legal system is explained as directly related to information disclosure requirements, especially information on financial reports (Jaggi and Low, 2000). The application of ICD to SMEs will facilitate the business environment, contributing to the quality of information disclosure (Daske et al., 2008). Countries with a strict legal system, and specific provisions on disclosure of financial statements, will address information asymmetry between information providers and recipients as information shareholders. of the company. Therefore, the higher and tighter the provisions of the law related to accounting standards (such as disclosure requirements), similar to the requirements of ICD for SMEs, the application of ICD for SMEs to become easier to implement. Sharing the view with Douppnik & Salter (1995), Dang Duc Son (2011) also said that the legal system is one of the factors affecting the application of ICD. In addition, Kim & David (2012) conducted a study on factors affecting the application of ICD to SMEs, who used a survey sample of 527 observations from 73 countries, the results Experiments show that the legal system has a significant influence on the application of ICD to SMEs.

Kim & David (2012) conducted research on the factors affecting the application of ICD, in this study, the author expected an initial sample of 129 countries and territories to apply ICD (this model was taken from a Deloitte Touche Tohmatsu survey, and supplemented, cross-checked with data from the World Bank's Report on Standards and Code Monitoring (ROSC) and the website of the International Economic Cooperation Council in the 2000s- 2007). This sample was later reduced due to data collection limitations, resulting in a final sample of 527 observations from 73 countries used for official research. The regression results show that the legal system has an influence on the application of ICD to SMEs. According to Kim & David (2012), the factor of taxes and inflation is one of the factors that influence relative to the application of ICD to SMEs. These results may reflect the EU's success in its efforts to harmonize accounting policies with other environmental factors. And this research result is similar to the result of Dang Duc Son (2011).

The Madawaki study (2012) studied the application of the international financial statements standards of Nigerian businesses, confirming that the biggest challenge of countries when applying international financial statements for SMEs is the need to develop the legal system. The law promulgates the standards and the corresponding legal documents must be strict, complete and specific to guide enterprises to use the set of

standards. Sharing the same view with Madawaki (2012), Zakari (2014) also studies the application of standards in developing case studies in Libya, also finds that the influence of the legal system is one of challenges in developing countries when applying ICD to SMEs.

Taxes have been confirmed as one of the factors affecting the development of accounting systems. Governments have greater control over the management of a country's resources, meaning that macroeconomic economies tend to become key players in shaping reporting standards (Doupnik). & Salter, 1995). More oversight of the nation's resources and economic goals relates to financial accounting rules whose main purpose is to meet legal requirements, such as issues. regarding tax and compliance, not the investor's information needs. The appropriateness of financial reporting and taxation has reduced the relevance of the accounting income.

In the study of the costs and benefits of the application of ICD to SMEs in emerging countries, author Uzma (2016) identified outside the systematic legal factors that affect application. The set of standards also includes factors such as corporate governance, recognition of fair value, and business environment of enterprises wishing to convert domestic technical expertise to the Ministry of International Financial Reporting.

Economic development: As business transactions become more and more complex, the process of collecting and reporting these transactions will also become more complex (Choi & Meek, 1991). At present, experimental studies proving that the relationship between accounting and economic development is still inconsistent. There is some evidence of a positive relationship between the application of ICD to SMEs and GNP growth in developed countries Zeghal & Mhedhbi (2006) find that the growth of industries is highly dependent on It is likely that the external standards will be higher when the accounting regulations in such places require more disclosure. Salter & Niswander (1995) summarized this relationship by observing that economic growth has a positive impact on information disclosure regulations.

According to Zeghal & Mhedhbi (2006), conducting research on the application of ICD to SMEs in African countries shows that the economic opening for world integration does not affect the application of ICD to SMEs, it can be argued that FDI inflows to African countries decreased in the period 2008-2011, their FDI halved due to the political instability in 2011. Research by Adhikari & Tondkar (1992) found no relevance. between economic development and ICD standards for SMEs, especially with regards to information disclosure requirements in international stock markets.

However, the results of Lainez & Callao (2000) show that there is a negative relationship between economic growth and the acceptance of international financial statements. Research by Lainez & Callao (2000) in newly developing countries shows a negative relationship between economic growth and the application of ICD to SMEs. It can be explained that because the economy has not enough resources, the economy is not really developed, there is still a lack of capital, so it has not accepted and does not want to apply ICD to SMEs, and they only use it. as a signaling mechanism to attract foreign capital, thereby creating economic growth. Therefore, the level of economic growth will affect the application of international financial statements, the empirical research results of the above studies once again confirm this relationship.

International integration: there are many authors studying the factors of international integration such as Young & Guenther (2003), Aggarwal et al (2005), Smith & Runyan (2007), Cai & Wong (2010) . In the study of Young & Guenther (2003), the study of the environment reporting TC and the international capitalization, the results show that the countries have the accounting and financial environment converging with the international. the application of ICD to SMEs is numerous and tends to provide very transparent information, information that is comparable to each other, and is able to attract a lot of foreign investment. According to the study of Aggarwal et al. (2005), research on how the investment of US international investment organizations has an impact on the application of ICD in other countries, this work concludes that funds If American investment invests more in emerging markets, these markets tend to use very high ICD, in order to recognize and protect the interests of investment shareholders and comply with the framework. These markets often want legal and

transparent information provision. Also based on the idea of studying the impact of international economic integration on the accuracy of income reports, the study of Smith & Runyan (2007) has found the rule is the global economy of the marketing economy. market and financial markets an environment in which homogeneous financial regulations are in place for the benefit of investors, creditors, financial analysts, and accounting organizations - audits help to compare and compare financial statements in countries. Cai & Wong (2010) discovered that countries applying international financial statements have a higher level of international financial market integration before they have not yet applied international financial statements.

In summary, the above studies conclude that the international integration factor has a significant influence on the application of the international financial reporting system for the whole type of enterprises in general and SMEs in particular.

Education: The application of a special accounting system (such as the application of ICD) is also affected by educational attainment (Doupnik & Salter, 1995; Adhikari & Tondkar, 1992). Research by Zeghal & Mhedhbi (2006) identified the factors affecting the application of ITC / ICD in emerging countries, the work of sampling research of 64 emerging countries including 32 emerging countries. have applied ITC / CMBCTCQT and 32 emerging countries have not yet applied, in the end, the results suggest that the level of education development is a relatively positive impact factor and goes along with the application of I / O A country with a highly educated population that receives a good education will require a more complex accounting system to meet and satisfy their information needs. Once accounting standards and practices become more complex, the ability to apply and interpret these standards and practices will depend on which country has a high level of education (Shima & Yang, 2012). . Countries with a high education system will find it easier and less expensive to adopt the set of standards, whereas if the level of education is underdeveloped, it can be seen that the transition to the set of standards will Much more expensive in terms of cost. Therefore, education is positively related to the application of ICD. Research by Fatma & Jamel (2013) to identify the factors affecting the application of international accounting standards of international technical / international financial statements in developing countries, the analysis results find that education level has an influence relative to the application of international technical / international financial statements in these countries. In addition, Stainbank's (2014) study identifies the factors that influence the application of standards in African countries. Using a research model, regression analysis was performed in 32 African countries with random sampling. The results conclude that educational attainment affects the application of ICD in African countries.

Culture: A nation's environment affects social values and norms, which are then focused to form the various institutions of society, and the building of cultures in other countries Experimental practices in many forms, including religion, patterns of human behavior and language used (Jaggi & Low, 2000). Empirical evidence on the influence of culture on the formation and development of the accounting system has been intertwined, with market and institutional variables that exceed culture in interpretation. Revealed practice still exists. Research results Shalter & Niswander (1995) study the influence of culture on the international accounting system in order to test the Gray doctrine, suggesting that there are cultures that are afraid of difficulties and are afraid of high risk is difficult to apply the set of standards thus only towards adherence to the principles.

Research by Zeghal & Mhedhbi (2006) shows that African countries without cultural links with the United Kingdom did not implement the application of the ICD. This proves that cultural factors can also affect the application of international technical expertise of countries in the continent. In another study by Albu et al. (2010), an experimental group of researchers investigating the applicability of ICD to SMEs in Romania, the research team determined that the application of a set of standards should be implemented. slowly according to each specific route because it is also influenced by cultural factors, the ability to convert accounting definitions from one culture to another creates a big controversy by the complex nature. The complexity of the standards' standards will lead to inadequate guidance and interpretations, and be affected by the guiding nature of the accounting of taxes according to the country-specific technical expertise regime. . Stainbank (2014) 's study on identifying cultural factors influencing the application of standards in African countries shows that countries

with typical development culture are likely to apply the ministry. ID card. However, the study of Fatma & Jamel (2013) also found interactive factors for the application of international accounting CMKTQT / CMBCTCQT in developing countries, based on research results and analysis. the fact that cultural factors do not significantly affect the decisions of enterprises in applying ICD to SMEs.

The study of cultural values to explain the influence of this factor on the choice of the application of international financial statements needs to mention Stulz & Williamson (2003) studied open culture and accounting finance, receiving top that culture of risk-aversion can be considered in the reception of ICDs and ICDs of developing countries. Communities with high open culture practices tend to prefer relatively more sophisticated and secret accounting systems. Contracting parties in high risk environments address the asymmetry of financial information by exchanging private information, and tend to disclose lower financial information (Salter & Niswander, 1995). Salter & Niswander (1985) formally introduced the concept of building culture into theoretical accounting models by combining open cultural values with accounting information values. This author tested the empirical research model and found that societies where high risk fears have low openness are less likely to have accounting systems governed by legal requirements. It is mandatory, but more open, in announcing financial information in accordance with market requirements. Accordingly, countries with a culture of low openness are more likely to accept compliance with ICD for SMEs for the above reasons. ICD has been described as 'rule-based' rather than 'rules-based' and the views that support ICD for SMEs often create more efficient markets by being more transparent in their preparation. Financial statements and report creation are easier to compare, so the relationship between the application of ICD to SMEs and the culture of risk aversion is a negative association.

Politics: Research results of many authors show that politics has an influence on the development of accounting. Typically, the research results of Belkaoui (1983), according to this author, a more democratic and impartial country, accounting will be more developed, developing accounting standards to apply. . Or research Zeghal & Mhedhbi (2006) suggested that the level of government participation in the economy will affect the accounting standards and political structures of many developing countries interfering with economic activities. When the government is the object of the use of accounting information, it will affect the application of international financial statements in their country. Baker et al. (2007) suggested that an important and decisive factor in the selection of policies, development strategies of the national accounting standards system or the application of international financial statements is political. The application of international financial statements is affected by internal politics, organizational structure and external factors including foreign investors and international financial institutions.

However, Fatma & Jamel (2013), when researching on the application of ICD in developing countries by collecting data from 74 developing countries, the results showed that politics did not significantly influence. to the decision to apply ICD.

2.1.2. Micro factors

The issue of applying ICD to SMEs in areas is not only governed by the aforementioned macro factors, but also is influenced by factors related to the technical system itself and the characteristics of SMEs in the country. that price. Micro factors include: Equity, Scale, the impact of domestic and foreign professional organizations, qualifications of accountants, users of financial statements, managerial interest / business owners with respect to the application of ICD to SMEs, ...

Equity: Equity is an important factor in the development of the accounting system. Joint stock companies are often dominated by outsiders who do not have a privileged relationship with the company such as creditors or capital investors. As the relationship between businesses and capital suppliers becomes further, information asymmetry between contracting parties increases, which stimulates the need for more disclosure and disclosure of information. financial news. In countries where equity is predominant, higher levels of information disclosure models, or disclosure requirements are also in place (Salter & Niswander, 1995). Moreover, the study

of Adhikari & Tondkar (1992) on the international stock market shows that the size of the capital market is very important in explaining the expansion of disclosure requirements and listing. However, the process of developing international standards requires compromise, especially on accounting methods. Countries with well-developed stock markets, such as the United States, often have accounting standards that are considered to be more advanced and may not want to apply alternative measures if the proposed standards are not considered strictly as strict as their standard system (Ramanathan, 2003). Countries with less advanced capital markets may be inclined to apply internationally recognized standards (such as ICD) in an effort to signal their intention to attract foreign capital.

Scale: Enterprise size is one of the factors that researchers seek to learn and there are many studies related to scale. Atik's research (2010) aims to evaluate the arguments of SMEs in Turkey on the application of ICD to SMEs, and at the same time draws out the factors that influence the application of ICM to SMEs. Accordingly, the researcher conducted an empirical survey with a sample size of 216 Turkish SMEs. The results of rigorous analysis with the samples in the study show that the majority of enterprises are small scale (the turnover achieved in the year is less than 5 million liras and the number of employees of the company must be less than 10 people). In particular, more than 99% of small and medium-sized enterprises surveyed know about the ICD for SMEs because these enterprises are investing, trading, providing financial statements or borrowing abroad and they need to demonstrate and publish the financial - monetary situation for the partner businesses, and these partners require providing high quality and comparable information to them. In addition, about 94% of SMEs agree to the application of ICD to SMEs, although they do not have much international business. And over 72% of SMEs surveyed stated that the application of ICD to SMEs should be applied voluntarily, SMEs should consider and decide whether or not to apply this set of standards.

In the studies, firm size is often calculated by the number of employees, revenue and total assets. The use of quantitative criteria such as these creates clear criteria for all stakeholders when determining company size (Jarvis & Collis, 2003). On the other hand, firm size is not necessarily related to accountability (IASC Foundation, 2009b: BC63). In addition, very few studies have found that firm size influences cost-benefit ratios in reporting-related changes such as the application of ICD (Jarvis & Collis, 2003). Besides, the work of Jarvis & Collis (2003) also discovered that the scale does not affect the need to apply ICD to SMEs. In addition, Mazars (2008) shows that businesses in the organizations surveyed have the need to apply the financial statements standards for SMEs regardless of large or small-sized enterprises. Eierle & Haller (2009) argued that larger enterprises may incur higher costs in making international financial and accounting reports, so that they can meet the information requirements compared to applications. Relevant stakeholders, especially those with international trade relations, are therefore concerned about the practical implications of using company size as a standard for various reporting. International financial reporting standards for SMEs are now being considered and applied by many business owners / managers in many newly developed economies and some developed and developing countries. Factors of company size are considered in many projects, it is a criterion to determine the task of preparing financial statements of businesses, the question is whether the size of an organization or company has Affect the application of international financial statements for SMEs? Albu (2013) sent a questionnaire to accountants working at 194 SMEs in Romania, after which the author collected the data, conducted statistics and analyzed the results showing that the The company's scale is one of the most important scales used to determine the scope of the application of international financial statements for SMEs in SMEs.

The scope of the IBCC for SMEs promulgated by the International Accounting Standards Board is defined as entities that "have no public accountability and produce joint financial statements for external users" (IASC. Foundation, 2009a: par 1.2.). In view of the Council of International Accounting Standards Board "scale is not a barrier. Any company of any size has the right to apply ICD to SMEs, provided it is not publicly accountable" (IFRS Foundation, 2015a). However, "when deciding which entities need to be required or permitted to apply ICD to SMEs, the competent authorities may choose to set quantitative criteria" (IASC, 2009b: BC70).

Qualification of accountants: The study of Uyar & Güngörmüş (2013) finds evidence that the lack of qualified accountants is one of the obstacles when applying ICD to SMEs in Turkey when the country This has accepted the application of ICD to SMEs. In addition, Samujh & Devi (2015) conducted research with the aim of discovering the suitability of ICD for SMEs to SMEs in developing countries, based on a summary of the results of previous works. , the results of this study show that the qualifications of accountants affect the application of ICD to SMEs, and the qualifications of accountants who are poor are one of the reasons ASEAN countries are not ready to apply. ICD for SMEs. Zakari (2014) summarizes the problem that companies with unskilled accountants are a challenge for the owners of sme's in Libya to apply ICD to SMEs.

Subjects and needs of using financial statements information: When investigating the perceptions of the parties related to the application of international financial statements for SMEs, based on the documents discovered in the present, it shows the difference between related parties. The opinions of the subjects related to the financial statements affect the acceptance of the application of the ICD to SMEs (Bunea et al., 2012; Quagli & Paoloni, 2012; Albu et al, 2013a), according to that attitude of stakeholders is very important. Jarvis & Collis (2003) suggest that previous studies related to the study of the impact of stakeholders on utilization are quite fragmented, disjointed, and argued that even if banks and regulators / Owners are the main subjects using financial statements of units. On the other hand, Eierle & Schultze (2013) emphasized that in the small companies' financial statements used for decision making by managers, they suggested that the person setting standards of financial statements should not ignore the request for information. of managers in the process of setting up financial statements standards. Quagli & Paoloni (2012) explored the application of ICD to SMEs in the European Union (EU), who found that those preparing financial statements show stronger opposition to ICDs for SMEs, while users The financial statements strongly agree to apply the international financial statements for SMEs.

Cost-benefit relationship when applying ICD to SMEs: applying ICD to SMEs based on users' requirements, incurred costs and financial capacity of each enterprise (IFRS Foundation, 2014). The opinion-based approach on cost-benefit considerations for investigating whether to apply ICD to SMEs. The benefit-cost relationship and cost-benefit relationship analysis of all stakeholders became very important in the context of the application of ICD to SMEs (Uzma et al., 2016). Litjens et al. (2012) found that the preparers (financial statements providers) carefully considered the cost and benefit relationship when enterprises applied ICD to SMEs. Although the relationship between costs and benefits is important when evaluating reporting requirements, the cost assessment is always clearer and easier than the expected benefit assessment. . In this regard, the study by Albu et al. (2013a) shows a significant relationship of costs incurred with the suitability of the application of ICD to SMEs, in this study, users and standards Financial statements are the most frequently surveyed objects, and are identified as stakeholders of SMEs.

The impact of domestic and foreign professional organizations: According to the research of accounting information system in enterprises of Yap et al (1992), more than 50% of Singapore SMEs in the sample group surveyed. Thanks to the consulting organizations that support the accounting work by information technology and this support has positively impacted the success of the accounting information system in the enterprise. The contribution of consultants depends on the quality of the counseling service. Clients in the Yap et al. (1992) study described an ineffective consulting organization as a result of lack of specific experience, lack of vision for future development, and almost no awareness. be aware of the actual requirements of the user and do not know the business aspects of the business clearly. The professional organizations involved in the implementation of the consultations need to be united within their groups because one has found that the strong link is always existing right between the views that there is. Incompatible views in the implementation team lead to the failure of the accounting information system in general and the accounting information system in particular (Yap et al., 1992).

According to the research of Gray (1991), most of the accounting professionals are experienced as users and consultants. This leads to the conclusion that in the scale of small and medium-sized enterprises, due to the wide

application of computers, the consultants tend to use ICD. This indicates that SMEs will have more sensitive sensibilities, such as the need for consultants in accounting organizations and accounting information systems for large enterprises. However, there were also signs of SMEs' inadequate behavior towards consultants. A recent research by Cragg & King (1993) found that SMEs seem to have poor relationships with information technology experts and are less willing to apply accounting information systems to change their business status.

The attention of business owners / managers to the application of ICD to SMEs: In the study of Holmes & Nicholls (1988), surveyed business owners or business managers to understand the variables that make images affect the degree of sophistication that business owners or managers need to have or need to prepare accounting information as a basis for making decisions. They found that few business owners or business managers drafted and searched for accounting information other than statutory reports, and the level of funding (Holmes and Nicholls, 1988). In other words, they only have reports that either follow the law or feel necessary for their business. One variable that seems to affect the importance of accounting information for a business owner or business manager is the training and education level of the business owner or manager.

Matthews & Scott (1995) found that firms with owners or managers who are entrepreneurial are more involved in sophisticated strategic management than business owners or managers of other small and medium businesses. However, they also discovered a relationship of adverse effects in an unstable business environment. When the volatile level of the business environment increases or when a business owner or manager feels inability to understand and predict the environment because of a lack of information, either the business owner or the employer may or may not. Entrepreneurial spirit and the degree of sophistication of business planning of their businesses is reduced (Matthews & Scott, 1995). In other words, a business owner or business manager or not only focused on the issues but it was more important to them at the time.

Lee & Runge (2001) find that the characteristics of business owners or managers have an impact on the size of information technology applications in SME accounting. The perception of business owners or managers about the relative advantages or the importance of information technology in businesses is related to the extent to which information technology is applied in accounting (Lee & Runge, 2001).

2.2. Study the factors affecting the process of applying international financial reporting standards for small and medium-sized enterprises in Vietnam

Currently, the research on the factors affecting the application of ICD to SMEs is still very limited and limited. Among those few topics, some typical topics can be listed such as:

Research by Duc Hong Thi Phan (2010), this topic adopts the definitions of accounting and finance of Gernon and Wallace (1995) to discover some factors that can explain the conditions, the Urgent provisions for the application of ICD for SMEs in Vietnam. This study shows that market factors and capital size and costs of conversion in Vietnamese accounting rules interact with the full application of international financial statements.

In another study, Nguyen Thi Thu Phuong (2014) focused on researching the factors influencing the application of ICD in Vietnam. Based on the previous works, the author has selected and built a model of 7 factors affecting the application of ICD in Vietnam, including: cultural factors, economic development factors, market factors, capital, education level, ability to integrate into the world economy, legal system, political system. The author of this work evaluated the influence of the factors by surveying 150 subjects randomly selected by the author, and these survey subjects include: those who perform the work, KT - auditing, analysts in financial economics and lecturers teaching related subjects. The empirical findings show that economic growth factors, market factors of capital, education and education levels and the legal system have a relative influence on the application of ICD to SMEs in Vietnam. In the South, there are other factors such as factors of culture, factors of political system and factors of pressure of international economic integration that do not significantly affect the decisions of enterprises on application issues. ICD for SMEs.

Research by Nguyen Thi Phuong Thao (2016) aims to analyze some issues in the process of applying ICD to SMEs in Singapore and Malaysia, from which the author explores core lessons for Vietnam. The author stated that there should be a schedule consistent with the international accounting standards system slowly and carefully, and at the same time, it is recommended to revise the international financial statements for SMEs to suit the characteristics of Vietnam's economic development. At present, international accounting standards for SMEs can be understood as a common business language worldwide so that the information published on the financial statements can be reconciled, but this is not sure. has been consistent with the economic development situation in Vietnam. In addition, the author also affirmed that Vietnam should pay attention to the application of ICD to SMEs in order to help users receive more useful information, reduce complexity, but in the process of approaching and applying. It is important to highlight important conceptual terms of ICD to SMEs so that the problems of accounting language do not affect the scope of application and the content of this standard.

In the study of Ho Xuan Thuy (2016), the author aims to study the compatibility of ICDs for SMEs with Vietnam's economic conditions and this author has discovered and tested special factors. scores of SMEs affect the suitability of IBCs for SMEs to the financial statements of SMEs in Vietnam. The study also assesses and analyzes the difficulties of SMEs when applying the current IC, the expected benefits, obstacles that may affect the effectiveness of ICD application for SMEs as well as the orientation of applying ICD to the SMEs. SMEs in Vietnam. The author of this work uses a mixed method in collecting and analyzing discoverable data, specifically:

- The qualitative research method in this method was applied by the author of the GT method (English name is Grounded Theory) to conduct hands-on discussions with the experts. The interviewed experts are the heads of the agencies that issue the accounting regime, the directors of the audit organizations, the directors of the banks, lecturers with teaching experience, and seniority in the research. Research on ICD, ICD / ICD for SMEs and chief financial officers and chief accountants of SMEs.
- Quantitative research method is used by the author by surveying the above subjects through questionnaires. Data is collected through face-to-face recording and receiving via email.

Research results given by the author are:

- Enterprises with a need to apply ICD for SMEs and factors of SME characteristics that affect this demand.
- The compatibility and appropriateness of accounting regulations, policies and regimes, the principles of expressing and recording the measurement of ICD for SMEs and the characteristics of small and medium-sized enterprises affecting compatibility and this match.
- Difficulties and benefits that affect the applicability and orientation of applying international financial statements for SMEs. The study has evaluated and analyzed the difficulties and benefits of applying the standards set of SMEs, the specific benefits are: benefits of improving competitiveness for enterprises; The benefit is to attract financial investment; benefits of providing transparent financial information, but there are still difficulties from businesses such as limited size of businesses, limited international business operations, and servicing infrastructure. Accounting is very limited. Therefore, the author concludes that the application of ICD to SMEs should be done in a gradual and appropriate manner.

However, the limited number of this topic is:

(1) The study only focused on the analysis to explore the compatibility of ICD for SMEs based on the views of experts who are involved in the promulgation of accounting regulations for SMEs, which are professional organizations. accounting, auditing and accounting director, bankers, lecturers, financial directors, chief accountants and general accountants for SMEs. And other subjects related to the financial statements for SMEs such as owners, tax authorities are not mentioned. However, this author also explained that if conducting surveys of owners and tax authorities, there are also limitations: the ICD of SMEs is a fairly new set of financial

statements standards in Vietnam and the author elaborated. The questionnaire with questions focused mainly on accounting expertise, so it is difficult to collect accurate data from tax authorities or SME owners.

(2) The assessment of the suitability of INGOs for SMEs is based on a few basic and common differences between ICDs for SMEs and ICDs on KT policies, on the number of provisions in standards and regulatory principles. In terms of recognition and measurement, little attention has been paid to the differences in information presentation and reporting requirements. However, the author also explained that the above issues were assessed and analyzed based on the consideration of the symmetry between benefits and costs associated with the need to provide useful transparent information for user object, this is one of the limitations of the scope of the work.

(3) The factors that the author chooses to consider affecting the appropriateness of the ICD for SMEs are mainly factors belonging to the specific characteristics of SMEs and external factors such as cultural differences, differences in accounting environment, political differences, legal differences of Vietnam compared to other countries are also likely to affect the application of ICD to SMEs.

The study by Tran Quoc Think (2017) presents an overview of previously published studies at home and abroad regarding the factors and the extent of the impact of these factors on the application of the international financial reporting system. In countries, in which the topic pays attention to considering, determining and assessing the scale of the influence of factors on the application of international technical expertise to Vietnam. This author has identified the economic, legal, cultural and political factors that influence and significantly influence the application of this standard in countries with The foundation is developing as well as in Vietnam. Accordingly, the author has suggested that Vietnam should have reasonable strategies and useful solutions to complete and promote the development of Vietnam's technical expertise system in line with international economic integration in the trend of integration and increase. chief.

The topics of Duong Hoang Ngoc Khue & Nguyen Thi Ngoc Oanh (2017) focus on researching the factors that affect the application of international technical / international financial statements in countries around the world, thereby, the authors have compiled a list of List of factors affecting the application of international technical expertise in developing countries. In particular, the author has discovered the factors affecting the application of international technical expertise in emerging countries that have been studied by many authors such as: Market availability of capital, Education level of training Create advanced, High economic growth, Pressure on enforcement, Pressure on simulation, Pressure on compliance with standards, Economic pressure, Legal system, on cultural factors.

The work of Vo Van Nhi & Tran Thi Thanh Hai (2017) with the overall goal of the research is to draw out the core directions for the establishment of technical expertise for SMEs in Vietnam in the direction of approaching the ICD for SMEs. It is divided into two specific objectives, including: (1) A practical assessment of the application of legal accounting conventions applied to SMEs in Vietnam; (2) Identify the factors that influence the establishment and application of technical expertise to SMEs in Vietnam, thereby clarifying the factors that have a significant influence and measuring the level of influence of the factors. This set up and applies accounting standards set in this orientation. To solve the identified research objectives, the thesis implemented a mixed research method. Through the study, the authors stated that accounting in general and the information presented in the financial statements in particular of SMEs in Vietnam have revealed some limitations that adversely affect the use. information of relevant subjects, especially in the condition that SMEs are integrating into the global economy and accounting is in the process of international convergence. Given the current situation of accounting in SMEs in Vietnam, and the need to innovate in the integration trend, it requires the state management agencies of accounting to quickly build a separate technical and technical framework for SMEs in the direction of approaching the ICD for SMEs. The construction and application of technical-oriented oriented above are subject to the interaction of many factors. According to the research results of this topic, the establishment of technical expertise for SMEs is heavily influenced by integration pressure and related

stakeholders such as accounting case, auditing - accounting firm, accounting association. Meanwhile, the application of this set of accounting standards in practice is affected by such factors as the qualifications of accountants, the standard system itself, the relationship between tax - accounting, benefit - cost relationship, firm size, and pressure to inform users.

Research by Nguyen Thi Kim Cuc and Nguyen Le Van Khanh (2018) on factors affecting the voluntary application of ICD in Vietnamese enterprises used quantitative methods to analyze the relationship between the factors. firm size, business sector, ownership type and capital structure and measure the influence and the results of these factors have an impact on voluntary application of international financial statements. However, this group of authors only measured two factors of investment capital structure and ownership form, showing that enterprises with capital from the owners will voluntarily apply the ICD.

The above studies believe that the application of the entire I / I / I / I in general and ICD to SMEs in particular in Vietnam is not feasible due to the environmental differences of politics and environment of Vietnam. legal environment, business environment, culture environment, education environment, etc. Therefore, the research team believes that the application of international financial statements standards in Vietnam needs to be applied in a step-by-step route. Firstly, it is necessary to first design and build a set of standards that apply specifically to SMEs in the spirit of screening from ICD to SMEs, and then move on to apply the entire INGO for SMEs when they actually see Familiarity and progress to comply with the provisions of accounting standards voluntarily, the state management agencies need to develop a mechanism to adjust this accounting standard in accordance with the growing economy. According to the market and SMEs have integrated in a sustainable way with the international economic market.

3. Conclusion

Diversity in accounting systems has significant economic implications for the interpretation of financial statements at an international level (Bushman & Smith, 2001). As a result, accounting and financial institutions and international securities organizations (IOSCO) have initiated a process to promote the harmonization of accounting standards as a means to improve transparency and Comparability of the financial statement information. The efforts of the International Accounting Standards Committee, IOSCO and other accounting organizations around the world have led to the development of ICDs, now described as ICD. The adoption of ICD has increased since the first standard was completed in 1998, notably the participation of Australia and the member states of the European Union in 2005.

Arguments in favor of ICD emphasize potential benefits such as increased institutional confidence and lower reporting costs for international listed firms. A number of studies using firm-level data have found an increase in investment allocation (Hail et al., 2010). According to Hail et al. (2010) the adoption of common accounting standards can enhance business relationships among countries through lowering the cost of processing information and tracking costs incurred and increasing. connectivity in the communication network. Similarly, improving financial disclosure or comparability may lead to greater international capital movements and cross-border investment (Young & Guenther, 2003; Aggarwal et al., 2005). Finally, countries that do not have the resources to develop rigorous domestic accounting standards can "borrow" international accounting standards as a signaling mechanism to attract foreign capital.

On the other hand, there are compelling reasons why countries cannot apply international standards. Standardization is applied in all countries of the world because there are fundamental differences in the environment between countries (Choi & Levich, 1991). The countries where the law aims to protect shareholders more, that country also accepted ICD more easily. Although external influences may promote changes in financial statements such as the application of ICD, when the cost of applying ICD is high, it is likely that the country will not accept it (Hail et al. ., 2010).

Factors affecting the development of ICD have been surveyed by accounting researchers since the 1990s (Choi & Levich, 1991). Through a combination of previous studies, it is possible to identify the factors affecting the application of ICD in general and application of ICD to SMEs in particular, the authors have focused on researching and giving results on the impact of macro factors such as the legal system, taxes, economic development, education, culture, and inflation, etc. or micro factors such as equity, external debt financing, size, qualifications of accountants, users of financial statements, etc. affect the application of international financial statements.

In Vietnam, studies on the process of applying ITC / ICD for SMEs are also quite diverse and focused on the research of the suitability of ICD for SMEs applied in Vietnam (Ho Xuan Thuy, 2016) or as research. Research on the orientation of establishing a standard system for SMEs in Vietnam in harmony with the ICD for SMEs (Tran Thi Trang, 2013). Author Tran Thi Kim Anh & Tran Thi Phuong Thao (2013) studied the topic "Building accounting standards applicable to small and medium-sized enterprises - international experience and development orientation for Vietnam". Most of the studies in Vietnam are those that govern the application of a large set of ICDs in different types and sizes of enterprises, including SMEs (specifically, Nguyen Vu Viet & Mai Ngoc Anh, 2010; Nguyen Thi Thu Phuong, 2014; Nguyen Thi Phuong Thao, 2016; Duong Hoang Ngoc Khue and Nguyen Thi Ngoc Oanh, 2017; Ha Xuan Thach & Le Tran Hanh Phuong, 2017; Tran Quoc Thinh, 2017; Nguyen Thi Kim Cuc & Nguyen Le Van Khanh, 2018).

Currently, the studies on the application of ICD to SMEs at master's level are relatively large but at the doctoral level is very limited and the author finds only two studies that have little relevance to ICD for SMEs. of Ho Xuan Thuy (2016) and Vo Van Nhi & Tran Thi Thanh Hai (2017).

In the study of Ho Xuan Thuy (2016), the main objective is to study the compatibility of ICD for SMEs with conditions in Vietnam that perform factor tests of business characteristics that affect the suitability of ICD for SMEs in Vietnam. However, this study only focused on the analysis to discover the compatibility of ICD for SMEs with conditions in Vietnam from the perspective of experts and other related subjects did not mention. ; Conformity assessment is conducted based on the few basic differences of ICD for SMEs and Vietnam Technical Competencies; Factors affecting the appropriateness are factors of the characteristics of the enterprise while external factors such as cultural differences, political differences ... also have an impact on the compatibility of ICD to SMEs. for conditions in Vietnam. Research Vo Van Nhi & Tran Thi Thanh Hai (2017) with the overall goal of both research is to draw out the core directions for establishing accounting standards for SMEs in Vietnam in the direction of approaching the ICD SMEs, thereby clarifying the factors that have a significant influence and measuring the influence of these factors on the establishment and application of accounting standards set in this direction.

In Vietnam, the requirements for organizations to apply technical expertise have been in place since the beginning of the accounting reform process, and also identified that the application of international financial statements brings many benefits to the country such as improving the comprehensiveness, disclosure and transparency of financial statements; improve the quality and comparability among enterprises as well as the consistency in setting up and reporting financial information, reducing corruption, etc. (Thanh Thanh, 2017). However, the application of ICD to SMEs in our country also faces many difficulties related to the unified conversion cost of a financial reporting system, lack of highly qualified accounting team, etc. (Pham Thi Minh Tue, 2018). Although there are difficulties in applying IBCs for SMEs in SMEs in Vietnam, the authors also consider that this is an inevitable trend of countries in general and Vietnam in particular.

References

- i. *Albu, C. N., Albu, N. & Fekete, S., 2010. The context of the possible IFRS for SMEs implementation in Romania: An exploratory study. Accounting and management information systems, 9(1), pp. 45-71*

- ii. *Albu, C.N., Albu, N. & Fekete, S. (2010) "The context of the possible IFRS for SMEs implementation in Romania. An exploratory study", Accounting and Management Information Systems, vol. 9, no. 1, 2010: 45 –71*
- iii. *Albu, C.N., Albu, N. & Gîrbină, M.M. (2013b) "Accounting for SMEs – How important is size in choosing between global and local standards?", WorldAcademy of Science, Engineering and Technology, vol. 76: 649-653*
- iv. *Albu, C.N., Albu, N., Fekete, S., Gîrbină, M.M., Selimoglu, S.K., Kovacs, D., Lukacs, J., Mohl, G., Mullerova, L., Pasokova, M., Poroy Arsoy, A., Sipahi, B. & Strouhal, J. (2013a) "Implementation of the IFRS for SMEs in emerging economies: Stakeholders perceptions in the Czech Republic, Hungary, Romania and Turkey", Journal of International Financial Management and Accounting, vol.24, no.2:140-175*
- v. *Albu, C.N., Albu, N., Pali-Pista, S.F., Girbina, M.M., Selimoglu, S.K., Kovacs, D.M., Lukacs, J., Mohl, G., Mullerova, L., (2013). Implementation of IFRS for Smes in emrging economies: Stakeholder perceptions in the Czech Republic, Hungary, Romania and Tonkey. Journal of international financial management & accounting, 24(2), pp.141-75*
- vi. *Bunea, S., Săcărin, M. & Minu, M.(2012) "Romanian professional accountants' perception on the differential financial reporting for small and medium-size enterprises", Accounting and Management Information Systems, vol.11,no.1:27-43*
- vii. *Bushman, R., & Smith, A. (2001), "Financial Accounting Information and Corporate Govenance", Journal of Accounting Economic, Vol.32: 237-333.*
- viii. *Cai, F., Wong, H. (2010) "The Effects of IFRS adoption on global capital market intergration", The Journal of international Business & Economic Research, Vol.9, No.10: 25-34.*
- ix. *Capenter, V.L. & Feroz, E.H. (2001). "Institutional theory and accounting rule choice: an analysis of four US state governments' decisions to adopt generally accepted accounting principles". Accounting organizations and society, Vol.26, No.2001: 565-596*
- x. *Daske, H., Hail, L., Leuz, C & Verdi, R. (2013). "Heterogeneity in the economic consequences around IFRS adoption" Journal of Applied Accounting Research, Vol.51 No.3: 495-547*
- xi. *Duc Hong Thi Phan (2010) "The Relevance of International Financial Reporting Standards (IFRS) to a Developing Country: Evidence from Vietnam".*
- xii. *Ema Masca, (2012). "Influence of Cultural Factors in Adoption of the IFRS for SMEs", Procedia Economics and Finance, Vol. 3: 567 – 575.*
- xiii. *Eierle, B. & Haller, A. (2009) "Does size influence the suitability of the IFRS for SMEs? - Empirical evidence for Germany", Accounting in Europe, Vol.6, No.2: 195-230*
- xiv. *Neag, R., Masca, E., Pascan, I. (2011). "Research on the field tests in the Mures county Romania regarding the opportunity for different accounting requirements for "small entities" or "micro-entities"". International journal of accounting & information management, Vol.19, No.2: 305-328*
- xv. *Nerudova, D. & Bohusova, H. (2008) "The empirical study of the SMEs position in the process of IFRS for SMEs application in the Czech Republic", Economics and Management, vol. 13: 163-169*
- xvi. *Republic, Poland and Ukraine", AMIS (2010) – Proceedings of the 5th Accounting and Management Information Systems International Conference, Bucharest, 16-18 June 2010, pp. 793-801.*
- xvii. *Salter, S., and F. Niswander. (1995). "Cultural Influence on the Development of International Accounting Systems: A test of Gray's [1988] Theory". Journal of International Business, Vol.26: 379-397.*
- xviii. *Samujh, H. and Devi, S. (2015). "Implementing IFRS for SMEs: challenges for developing economies", International Journal of Management and Sustainability, Vol.4, No.3: 39-59.*
- xix. *Schutte, D. P. & Buys, P. W., (2010). "A critical analysis of the contents of the ifrs for smes- A South African perspective". South African Journal of Economic and Management Sciences, Vol.14, No.2: 188-209*

- xx. *Vera Palea. (2014). “Fair value accounting and its usefulness to financial statement users”. Journal of Financial Reporting and Accounting, Vol.12, Issue 2: 102-116*
- xxi. *Villiams & Ravencroft (2011). “Rethinking decision usefulness”. Contemporary accounting research, Vol.32, No.2: 763-788*